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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000297

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TREASURY FOR OASIA/LMOGHTADER
USTR FOR STRATFORD, ALTBACH

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TAGS: [PREL](#) [EAIR](#) [ECON](#) [TW](#) [CH](#)

SUBJECT: MAC OFFICIAL DESCRIBES EXPANDED CROSS-STRAIT
DIALOGUE

REF: A. TAIPEI 271

[B](#). TAIPEI 133

[C](#). TAIPEI 90

Classified By: AIT Deputy Director Robert S. Wang, Reason 1.4 d

[1](#). (C) Summary: According to a Taiwan Mainland Affairs Council (MAC) senior official, there has been a marked improvement in the cross-strait dialogue since 2005. He credited U.S. pressure on Beijing in part for a change in Beijing's willingness to work with the Chen administration. The MAC official believes a breakthrough on tourism and charter flights is likely between March and May. In addition to charter flights and tourism, he described five other topics under discussion by the two sides. End summary.

More Dialogue Since 2005

[2](#). (C) MAC Chief Secretary Jan Jyh-horng told AIT on February 6 that there has been a marked improvement in cross-strait dialogue since early 2005. Previously, Beijing had been unwilling to engage the Chen Shui-bian administration in any productive exchange, explained Jan, a civil servant who has worked in MAC for seventeen years. Then-KMT Chairman Lien Chan's April-May 2005 visit to the Mainland strengthened the opposition party's image of being able to work with China. At that time, Jan said, the Chen administration made it clear to Beijing that real progress on cross-strait issues would require Beijing to deal directly with Taiwan authorities and cease using the KMT to apply pressure on the Chen administration.

[3](#). (C) Jan also credited U.S. and Japanese pressure on Beijing to work directly with Taiwan's democratically elected representatives as facilitating this cross-strait dialogue. He cited a conference of Taiwan and PRC scholars, in which the PRC academics complained to their Taiwan counterparts about U.S. pressure and urged that the Taiwan authorities ask the United States to reduce such pressure.

[4](#). (C) Jan pointed to the ongoing discussions of charter

flights and tourism as concrete evidence of the shift in the cross-Strait dynamic. In addition, he noted that four other issues were also under discussion -- agricultural trade and investment, protection of intellectual property rights, fighting crime, direct maritime transportation, and trade in sand and gravel. Jan pointed out that dialogue on these issues was more informal than charter flight and tourism discussions; these discussions were channeled primarily through industry representatives. According to Jan, these latter four sets of discussions are in the early stages and unlikely to yield significant concrete results in the near term. One exception is the discussions on PRC sand and gravel exports; the PRC has announced it will impose a ban on sand and gravel exports on March 1, but Jan believes the bilateral discussions might secure a special quota for exports to Taiwan. He also reported that there had been very little progress toward initiating discussions on cross-Strait financial issues, including currency exchange and banking supervision.

15. (C) Jan told AIT that Beijing's recent decision to stop blocking access to two major Taiwan newspaper websites was a MAC precondition for allowing People's Daily and Xinhua reporters back into Taiwan. According to media reports, the PRC Taiwan Affairs Office announced February 5 that Mainland authorities had ceased blocking access to the pan-Blue (pro-unification) China Times (Zhongguo Shibao) and United Daily News (Lianhebao) websites for internet users in Guangzhou and Shanghai. MAC, Jan explained, had decided not to push for access to the pan-Green (pro-independence) Liberty Times (Ziyou Shibao) because of likely resistance from Beijing. Jan described this as the clever strategy of MAC Chairman

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Joseph Wu, for PRC internet users would be able to use the China Times and United Daily News websites as portals to enter other Taiwan sites that remain blocked.

Possible Tourism and Charter Flights Spring Breakthrough

16. (C) On cross-Strait discussions to further open Taiwan to PRC tourists and implement frequent cargo and weekend passenger charter flights, Jan concurred with assessments from industry contacts (refs A and C) that nearly all of the technical issues had been resolved. He told AIT that discussions on both topics were at about the same stage and could probably be concluded quickly. Jan acknowledged that the PRC was pressing for a simultaneous announcement of agreements on all three -- tourism, cargo and passenger charters. Despite continuing opposition from the deep-Green Taiwan Solidarity Union (TSU) to passenger charter flights, Jan said, Taiwan authorities do not rule out a simultaneous announcement. He stressed the broad support in Taiwan for all three initiatives, and noted that the TSU was, in any event, a declining political force.

17. (C) Jan carefully explained the likely timing for conclusion of discussions on the three initiatives. According to Jan, there will be no progress during February because of the long Lunar New Year holiday on both sides of the Strait, while in March, Beijing will be focused on the National People's Congress (NPC). After the NPC, however, Jan sees a window of opportunity that will last until Taiwan's political parties pick their presidential candidates in late May or early June. Subsequently, the approach of the Chinese Communist Party (CCP) 17th Party Congress in October and year-end Taiwan legislative elections will likely thwart any further cross-Strait progress, he concluded.

MAC Trying to Avoid Politics

18. (C) Jan told AIT that the opposition KMT does not oppose or seek to undermine expansion of the cross-Strait dialogue. Rather, the KMT seeks political credit for helping facilitate the dialogue. MAC, Jan explained, is working to depoliticize the cross-Strait dialogue so that Taiwan leaders are not focused on gaining political benefit from the process. Jan also claimed that over the past six years the Chen administration had exerted little political pressure on MAC. However, he noted that despite electoral setbacks that have reduced the influence of the TSU, MAC still has to take into account the deep-Green party's hard-line views, notably its opposition to direct passenger flights.

Comment - PR with Substance

19. (C) AIT believes Chief Secretary Jan's assertion that the conditions are highly favorable for a breakthrough on cross-Strait tourism and charter flights during the April-June "window of opportunity" rings true. Jan's forecasts of cross-Strait progress are typically more cautious and conservative than those of his politically-appointed MAC bosses. After a long career at MAC, Jan Jy-horng has a long-term perspective and refuses to play the political game. He is, moreover, a true insider whom Chairman Joseph Wu introduces as his right hand man. Jan frequently appears with Wu and the MAC Vice Chairmen at hearings in the Legislative Yuan and he usually accompanies Wu in meetings with the AIT Director. Jan has been consistently frank and straightforward in discussions with AIT, and AIT places great credence in Jan's explanations and prognostications.

10. (C) Jan's comments, moreover, are consistent with private reports from industry contacts and public comments by Chairman Wu and his Deputy Chairmen (refs A, B and C). However, optimistic public predictions by

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senior MAC officials may also be part of a public relations campaign aimed at both Beijing and the Taiwan public. MAC wants to keep the pressure on Beijing to move discussions forward. It wants to convince the Taiwan public that the Chen administration can work with China on economic initiatives. In addition, it may be laying the groundwork to blame Beijing if a deal doesn't materialize in the spring.
YOUNG